ex-factory levy sugar prices and at that level of export realization, sugar factories were not in a position to pay the Statutory Minimum Price (SMP) of sugar fixed by the Central Government.

Production of ethanol from sugarcane

†2768. SHRI RAM JETHMALANI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether it is a fact that Government have formulated a scheme to promote the production of ethanol from sugarcane in view of more production of sugar than its consumption requirements during the current year;

(b) if not, the reasons therefor;

(c) whether it is also a fact that the subsidy given or production of ethanol would have gone to Indian consumers while the benefit of subsidy given on sugar export would go to foreign consumers; and

(d) if so, the Government's reaction thereto?

THE MINISTER OF STATE. IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH): (a) No, Sir.

(b) In India, ethanol is being produced from molasses, which is a by-product of the sugar industry. Demand for ethanol is from the petroleum sector for blending it with petrol. The Government has decided to blend 5% ethanol with petrol from November 2006. This will generate a demand of about 600 million litres of ethanol, which can be adequately supplied by the sugar industry from the molasses route.

(c) No, Sir. There is no subsidy being given on production of ethanol. Reimbursement of internal transport, ocean freight and handling and marketing charges incurred on exports of sugar from India are given to the sugar factories only.

(d) Does not arise.

† Original notice of the question was received in Hindi.